

**United Cities Gas Company
Illinois Distribution System
Comparison of Present and Proposed Rates - Jurisdictional Pro Forma**

CUSTOMER CLASS/ RATE SCHEDULE NO.	AVERAGE NUMBER OF CUSTOMERS	REVENUE AT PROPOSED RATES 1/	REVENUE AT PRESENT RATES 1/	INCREASE	
				AMOUNT	%
RESIDENTIAL (110)	22,628	\$8,442,087	\$5,893,243	\$2,548,845	43.25%
SMALL COMMERCIAL (120)	1,939	\$1,851,343	\$1,342,528	\$508,814	37.90%
LARGE COMMERCIAL (130)	7	\$231,349	\$202,330	\$29,019	14.34%
TRANSPORT (160)	5	\$195,730	\$184,948	\$10,782	5.83%
COMBINED 130 & 160	12	\$427,079	\$387,278	\$39,801	10.28%
COGENERATION (192)	1	\$9,358	\$7,222	\$2,136	29.57%
INTERRUPTIBLE (150)	2	\$233,164	\$177,445	\$55,719	31.40%
LAFARGE - SPECIAL CONTRACT (190)	1	\$43,522	\$43,522		
		<u>\$11,006,554</u>	<u>\$7,851,238</u>	<u>\$3,155,315</u>	<u>40.19%</u>

1/ WEATHER NORMALIZED VOLUMES

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United Cities Gas Company
Illinois Distribution System
Comparison of Present and Proposed Rates
Test Year Ended September 30, 1999

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Residential (110)

Present Rates									Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 7.00	271,541		\$ 1,900,787		32.3%			\$ 9.75	271,541		\$ 2,647,525		31.4%
2																	
3	1 st Block	0	>	\$ 0.1939	20,590,283	100.0%	\$ 3,992,456	100.0%	67.7%	1	- 30	\$ 0.3475	6,427,081	31.2%	\$ 2,233,410	38.5%	26.5%
4																	
5	2 nd Block									31	- 100	\$ 0.3100	7,962,351	38.7%	\$ 2,468,329	42.6%	29.2%
6																	
7	3 rd Block									101	- 300	\$ 0.1800	5,423,193	26.3%	\$ 976,175	16.8%	11.6%
8																	
9	4 th Block									300	>	\$ 0.1500	777,658	3.8%	\$ 116,649	2.0%	1.4%
10																	
11	5 th Block																
12																	
13				Demand	271,541		\$ 1,900,787					Demand	271,541		\$ 2,647,525		
14																	
15				Commodity	20,590,283	100.0%	\$ 3,992,456	100.0%				Commodity	20,590,283	100%	\$ 5,794,563	100%	
16																	
17					Total		\$ 5,893,243		100.0%				Total		\$ 8,442,087		100.0%
18																	
19												Proposed Revenue Increase			\$ 2,548,845		43.25%

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United Cities Gas Company
Illinois Distribution System
Comparison of Present and Proposed Rates
Test Year Ended September 30, 1999

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Commercial (120)

Present Rates									Proposed Rates									
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 15.00	23,263		\$ 348,945		26.0%				\$ 20.00	23,263		\$ 465,260		25.1%
2																		
3	1 st Block	0	>	\$ 0.1415	7,021,790	100.0%	\$ 993,583	100.0%	74.0%		1	- 100	\$ 0.3500	1,400,603	19.9%	\$ 490,211	35.4%	26.5%
4																		
5	2 nd Block										101	- 300	\$ 0.2100	1,445,857	20.6%	\$ 303,630	21.9%	16.4%
6																		
7	3 rd Block										301	- 500	\$ 0.1500	769,537	11.0%	\$ 115,431	8.3%	6.2%
8																		
9	4 th Block										500	>	\$ 0.1400	3,405,792	48.5%	\$ 476,811	34.4%	25.8%
10																		
11	5 th Block																	
12																		
13				Demand	23,263		\$ 348,945						Demand	23,263		\$ 465,260		
14																		
15				Commodity	7,021,790	100.0%	\$ 993,583	100.0%					Commodity	7,021,790	100.0%	\$ 1,386,083	100.0%	
16																		
17					Total		\$ 1,342,528		100.0%					Total		\$ 1,851,343		100.0%
18																		
19													Proposed Revenue Increase			\$ 508,814		37.90%

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Illinois Distribution System
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Commercial (130)

		Present Rates							Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 15.00	84		\$ 1,260		0.6%			\$ 25.00	84		\$ 2,100		0.9%
2																	
3	1 st Block	0 >		\$ 0.1415	1,420,991	100.0%	\$ 201,070	100.0%	99.4%	1 - 5,000		\$ 0.1800	418,786	29.5%	\$ 75,382	32.9%	32.6%
4																	
5	2 nd Block									5,001 - 15,000		\$ 0.1700	581,895	40.9%	\$ 98,922	43.2%	42.8%
6																	
7	3 rd Block									15,001 - 20,000		\$ 0.1400	108,471	7.6%	\$ 15,186	6.6%	6.6%
8																	
9	4 th Block									20,000 >		\$ 0.1275	311,838	21.9%	\$ 39,759	17.3%	17.2%
10																	
11	5 th Block																
12																	
13				Demand	84		\$ 1,260					Demand	84		\$ 2,100		
14																	
15				Commodity	1,420,991	100.0%	\$ 201,070	100.0%				Commodity	1,420,991	100.0%	\$ 229,249	100.0%	
16																	
17					Total		\$ 202,330		100.0%				Total		\$ 231,349		100.0%
18																	
19										Proposed Revenue Increase					\$ 29,019		14.34%

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Transport (160)

Present Rates									Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 15.00	53		\$ 795		0.4%			\$ 25.00	53		\$ 1,325		0.7%
2																	
3	1 st Block	0 >		\$ 0.1415	1,301,433	100.0%	\$ 184,153	100.0%	99.6%	1 -	5,000	\$ 0.1800	234,373	18.0%	\$ 42,187	21.7%	21.6%
4																	
5	2 nd Block									5,001 -	15,000	\$ 0.1700	349,013	26.8%	\$ 59,332	30.5%	30.3%
6																	
7	3 rd Block									15,001 -	20,000	\$ 0.1400	106,783	8.2%	\$ 14,950	7.7%	7.6%
8																	
9	4 th Block									20,000 >		\$ 0.1275	611,264	47.0%	\$ 77,936	40.1%	39.8%
10																	
11	5 th Block																
12																	
13				Demand	53		\$ 795					Demand	53		\$ 1,325		
14																	
15				Commodity	1,301,433	100.0%	\$ 184,153	100.0%				Commodity	1,301,433	100.0%	\$ 194,405	100.0%	
16																	
17					Total		\$ 184,948		100.0%				Total		\$ 195,730		100.0%
18																	
19												Proposed Revenue Increase			\$ 10,782		5.83%

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Illinois Distribution System
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Test Year Ended September 30, 1999

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Cogeneration (192)

Present Rates									Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 25.00	12		\$ 300		4.2%			\$ 25.00	12		\$ 300		3.2%
2																	
3	1 st Block	0 >		\$ 0.0726	95,350	100.0%	\$ 6,922	100.0%	95.8%	0 >		\$ 0.0950	95,350	100.0%	\$ 9,058	100.0%	96.8%
4																	
5	2 nd Block																
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13				Demand	12		\$ 300					Demand	12		\$ 300		
14																	
15				Commodity	95,350	100.0%	\$ 6,922	100.0%				Commodity	95,350	100%	\$ 9,058	100%	
16																	
17					Total		\$ 7,222		100.0%				Total		\$ 9,358		100.0%
18																	
19												Proposed Revenue Increase			\$ 2,136		29.57%

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Interruptible (150)

		Present Rates							Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 25.00	24		\$ 600		0.3%			\$ 25.00	24		\$ 600		0.3%
2																	
3	1 st Block	0 >		\$ 0.0499	3,543,981	100.0%	\$ 176,845	100.0%	99.7%	1 - 25000		\$ 0.1000	594,057	16.8%	\$ 59,406	25.5%	25.5%
4																	
5	2 nd Block									25001 - 50000		\$ 0.0800	429,390	12.1%	\$ 34,351	14.8%	14.7%
6																	
7	3 rd Block									50001 - 100000		\$ 0.0700	639,014	18.0%	\$ 44,731	19.2%	19.2%
8																	
9	4 th Block									100000 >		\$ 0.0500	1,881,520	53.1%	\$ 94,076	40.5%	40.3%
10																	
11	5 th Block																
12																	
13				Demand	24		\$ 600					Demand	24		\$ 600		
14																	
15				Commodity	3,543,981	100.0%	\$ 176,845	100.0%				Commodity	3,543,981	100.0%	\$ 232,564	100.0%	
16																	
17					Total		\$ 177,445		100.0%				Total		\$ 233,164		100.0%
18																	
19												Proposed Revenue Increase			\$ 55,719		31.40%

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Illinois Distribution System
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Special Contract (190)

		Present Rates							Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 25.00	12		\$ 300		0.7%			\$ 25.00	12		\$ 300		0.7%
2																	
3	1 st Block	0 >		\$ 0.0200	2,161,100	100.0%	\$ 43,222	100.0%	99.3%	0 >		\$ 0.0200	2,161,100	100.0%	\$ 43,222	100.0%	99.3%
4																	
5	2 nd Block																
6																	
7	3 rd Block																
8																	
9	4 th Block																
10																	
11	5 th Block																
12																	
13				Demand	12		\$ 300					Demand	12		\$ 300		
14																	
15				Commodity	2,161,100	100.0%	\$ 43,222	100.0%				Commodity	2,161,100	100.0%	\$ 43,222	100.0%	
16																	
17					Total		\$ 43,522		100.0%				Total		\$ 43,522		100.0%
18																	
19												Proposed Revenue Increase			\$ -		0.00%

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**United Cities Gas Company
Illinois Distribution System
Comparison of Present and Proposed Rates - Jurisdictional Pro Forma**

Including Gas Cost

CUSTOMER CLASS/ RATE SCHEDULE NO.	AVERAGE NUMBER OF CUSTOMERS	REVENUE AT PROPOSED RATES 1/	REVENUE AT PRESENT RATES 1/	INCREASE	
				AMOUNT	%
RESIDENTIAL (110)	22,628	\$14,028,231	\$11,479,386	\$2,548,845	22.20%
SMALL COMMERCIAL (120)	1,939	\$3,756,354	\$3,247,540	\$508,814	15.67%
LARGE COMMERCIAL (130)	7	\$616,864	\$587,845	\$29,019	4.94%
TRANSPORT (160)	5	\$195,730	\$184,948	\$10,782	5.83%
COMBINED 130 & 160	12	\$812,594	\$772,793	\$39,801	5.15%
COGENERATION (192)	1	\$35,227	\$33,091	\$2,136	6.45%
INTERRUPTIBLE (150)	2	\$1,194,646	\$1,138,927	\$55,719	4.89%
LAFARGE - SPECIAL CONTRACT (190)	1	\$43,522	\$43,522		
		<u>\$19,870,574</u>	<u>\$16,715,259</u>	<u>\$3,155,315</u>	<u>18.88%</u>

1/ WEATHER NORMALIZED VOLUMES

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Present Rates

Proposed Rates

Base Cost of Gas
\$0.2713

United Cities Gas Company
Illinois Distribution System
Comparison of Present and Proposed Rates
Test Year Ended September 30, 1999

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Commercial (120)
Including Gas Cost

Present Rates									Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 15.00	23,263		\$ 348,945		10.7%			\$ 20.00	23,263		\$ 465,260		12.4%
2																	
3	1 st Block	0	>	\$ 0.4128	7,021,790	100.0%	\$2,898,595	100.0%	89.3%	1	- 100	\$ 0.6213	1,400,603	19.9%	\$ 870,195	26.4%	23.2%
4																	
5	2 nd Block									101	- 300	\$ 0.4813	1,445,857	20.6%	\$ 695,891	21.1%	18.5%
6																	
7	3 rd Block									301	- 500	\$ 0.4213	769,537	11.0%	\$ 324,206	9.9%	8.6%
8																	
9	4 th Block									500	>	\$ 0.4113	3,405,792	48.5%	\$1,400,802	42.6%	37.3%
10																	
11	5 th Block																
12																	
13				Demand	23,263		\$ 348,945					Demand	23,263		\$ 465,260		
14																	
15				Commodity	7,021,790	100.0%	\$2,898,595	100.0%				Commodity	7,021,790	100.0%	\$3,291,094	100.0%	
16																	
17					Total		\$3,247,540		100.0%				Total		\$3,756,354		100.0%
18																	
19												Proposed Revenue Increase			\$ 508,814		15.67%

Base Cost of Gas
\$0.2713

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		Present Rates							Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 15.00	84		\$ 1,260		0.2%			\$ 25.00	84		\$ 2,100		0.3%
2																	
3	1 st Block	0 >		\$ 0.4128	1,420,991	100.0%	\$ 586,585	100.0%	99.8%	1 - 5,000		\$ 0.4513	418,786	29.5%	\$ 188,998	30.7%	30.6%
4																	
5	2 nd Block									5,001 - 15,000		\$ 0.4413	581,895	40.9%	\$ 256,790	41.8%	41.6%
6																	
7	3 rd Block									15,001 - 20,000		\$ 0.4113	108,471	7.6%	\$ 44,614	7.3%	7.2%
8																	
9	4 th Block									20,000 >		\$ 0.3988	311,838	21.9%	\$ 124,361	20.2%	20.2%
10																	
11	5 th Block																
12																	
13				Demand	84		\$ 1,260					Demand	84		\$ 2,100		
14																	
15				Commodity	1,420,991	100.0%	\$ 586,585	100.0%				Commodity	1,420,991	100.0%	\$ 614,764	100.0%	
16																	
17				Total			\$ 587,845		100.0%			Total			\$ 616,864		100.0%
18																	
19												Proposed Revenue Increase			\$ 29,019		4.94%

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Lukens Consulting Group, Inc.

United Cities Gas Company
Illinois Distribution System
Comparison of Present and Proposed Rates
Test Year Ended September 30, 1999

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Cogeneration (192)
Including Gas Cost

Present Rates									Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 25.00	12		\$ 300		0.9%			\$ 25.00	12		\$ 300		0.9%
2																	
3	1 st Block	0	>	\$ 0.3439	95,350	100.0%	\$ 32,791	100.0%	99.1%	0	>	\$ 0.3663	95,350	100.0%	\$ 34,927	100.0%	99.1%
4																	
5	2 nd Block																
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13				Demand	12		\$ 300					Demand	12		\$ 300		
14				Commodity	95,350	100.0%	\$ 32,791	100.0%				Commodity	95,350	100%	\$ 34,927	100%	
15																	
16																	
17				Total			\$ 33,091		100.0%			Total			\$ 35,227		100.0%
18																	
19												Proposed Revenue Increase			\$ 2,136		6.45%

Base Cost of Gas
\$0.2713

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Illinois Distribution System
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Test Year Ended September 30, 1999

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Interruptible (150)
Including Gas Cost

Present Rates									Proposed Rates								
Line No.		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	Customer Charge			\$ 25.00	24		\$ 600		0.1%			\$ 25.00	24		\$ 600		0.1%
2																	
3	1 st Block	0	>	\$ 0.3212	3,543,981	100.0%	\$ 1,138,327	100.0%	99.9%	1	- 25000	\$ 0.3713	594,057	16.8%	\$ 220,573	18.5%	18.5%
4																	
5	2 nd Block									25001	- 50000	\$ 0.3513	429,390	12.1%	\$ 150,845	12.6%	12.6%
6																	
7	3 rd Block									50001	- 100000	\$ 0.3413	639,014	18.0%	\$ 218,095	18.3%	18.3%
8																	
9	4 th Block									100000	>	\$ 0.3213	1,881,520	53.1%	\$ 604,532	50.6%	50.6%
10																	
11	5 th Block																
12																	
13				Demand	24		\$ 600					Demand	24		\$ 600		
14																	
15				Commodity	3,543,981	100.0%	\$ 1,138,327	100.0%				Commodity	3,543,981	100.0%	\$ 1,194,046	100.0%	
16																	
17				Total			\$ 1,138,927		100.0%			Total			\$ 1,194,646		100.0%
18																	
19												Proposed Revenue Increase			\$ 55,719		4.89%

Base Cost of Gas
\$0.2713

Date Prepared:
2/14/00
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Prepared By Daniel M. Ives
Lukens Consulting Group, Inc.

United Cities Gas Company
A Division of Atmos Energy Corporation
Overall Financial Summary
Twelve Months Ended September 30, 1999

	(1)	(2)	(3)
Line No.	Description	Reference	Test Year
1	Original Cost Rate Base	B-1	\$ 25,335,546
2	Operating Income	C-1	\$ 683,903
3	Earned Rate of Return on Original Rate Base (Line 2 divided by Line 1)		2.70%
4	Current Cost of Capital	D-1	10.14%
5	Proposed Operating Income	C-1	\$ 2,568,905
6	Income Deficiency (Line 5 minus Line 2)		\$ 1,885,001
7	Gross Revenue Conversion Factor		0.5982
8	Revenue Increase Requested ((\$25,335,546 x 10.14%) - \$683,903) / 0.5982	C-1	\$ <u>3,151,323</u>

Individual Responsible:

Dwight S. Work